



**DETERMINANTS OF FINANCIAL PERFORMANCE IN MALAYSIA: EVIDENCE  
FROM COMMERCIAL BANKS**

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UNIVERSITI TEKNOLOGI MARA  
BANDARAYA MELAKA**

**JANUARY 2019**

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**Submitted in Partial Fulfilment of the  
Requirement for the  
Bachelor of Business Administration (Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITY TECHNOLOGY MARA  
MELAKA**

**JANUARY 2019**

## DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**“DECLARATION OF ORIGINAL WORK”**

We, Zuhri Irfan Azrai, (I/C Number: 950319085587) and Siti Mastura Mohd Yusoff (I/C Number: 940908035706)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## LETTER OF SUBMISSION

Bachelor of Business Administration (Hons) Finance Faculty Business Administration  
Universiti Teknologi Mara Kampus Bandaraya Melaka  
110 Off Jalan Hang Tuah  
75300 Melaka

Dear Miss/Madam,

### SUBMISSION OF PROJECT PAPER

#### DETERMINANTS OF FINANCIAL PERFORMANCE IN MALAYSIA: EVIDENCE FROM COMMERCIAL BANKS

We were required to do a project paper on the above topic. I hereby submitted this report and I really hope that this work will fulfil the requirement for the Bachelor of Business Administration (Hons) Finance.

Thank you,

Yours sincerely,

.....

Zuhri Irfan Azrai  
2016689682  
Bachelor of Business Administration (Hons) Finance

.....

Siti Mastura Mohd Yusoff  
2016629596  
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## **ABSTRACT**

This study is carried out to examine the determinants of financial performance in Malaysia evidence from commercial banks. There are five bank-specific determinants selected namely credit risk, liquidity risk, bank size, capital adequacy and management efficiency. Six local commercial banks have been chosen to represent the commercial banks in Malaysia which are Malayan Banking Berhad (Maybank), CIMB Bank Berhad, Public Bank Berhad, RHB Bank Berhad, Hong Leong Bank Berhad and AmBank Group Berhad. The duration for this study is from 2004 until 2017 and the data is extract from annual report of commercial banks. Panel Regression Fixed Effect Model are carried out to investigate the finding from data. In the findings, two independent variables which are liquidity risk (LR) and management efficiency (ME) shown that they are statistically significant to the return on assets (ROA). However, the other independent variables which are credit risk (CR), bank size (BS) and capital adequacy (CA) are insignificant towards ROA of financial performance in Malaysia.

Key words: Financial Performance, Return on Assets, Liquidity Risk, Management Efficiency, Credit Risk, Bank Size, Capital Adequacy